

Outpatient Rate Setting

Background

As a result of Laws 2004, Chapter 279 AHCCCS has been involved in a process over the past year to develop a new hospital outpatient reimbursement methodology.

From the beginning AHCCCS has proposed that the new methodology be based on the following principles.

1. At an aggregate level pay close to the same amount or slightly higher than the current payments.
2. Develop a system of peer groups that recognizes some of the unique cost structures of hospitals to try and limit the impact.
3. Develop rates that systematically recognize the increased costs of health care.
4. Develop a system that is more equitable so that like hospitals are paid the same amount for the same service. The current system may have one hospital getting \$100 for a blood panel while a similar hospital receives \$10 for the same test.
5. Finally, the system must be more predictable from a payer perspective.

To that end AHCCCS has conducted several different meetings with representatives of over 30 hospitals in the state. Over the last several months the agency continues to make significant adjustments to the proposed rates to try and address hospital specific concerns.

Proposal

AHCCCS is releasing another draft version of the proposed rates. These rates have been established using the most recent cost information provided by hospitals to AHCCCS.

AHCCCS has developed draft rates that meet all of the principles identified above.

1. In aggregate the rates are structured to pay 4.8% greater than the current methodology.
2. AHCCCS has created 7 different peer groups to try and recognize the different costs associated with different types of facilities. In addition

high-level trauma cases receive an increased reimbursement for Level I trauma facilities.

3. The draft outpatient rules specifically call for the rates to be inflated annually similar to inpatient even though the statute did not require this increase.
4. Certainly the new rate structure will provide much greater equity because the rate structure means that like hospitals will be paid similarly for the same service.
5. The rates also accomplish the final principal of predictability than the current cost to charge ratio reimbursement system.